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New York Chamber of Commerce

American mercantile marine

[New York]

[1918?]

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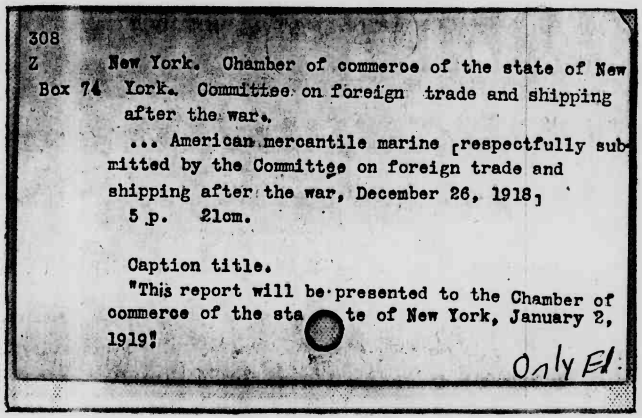

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Z New York. Chamber of commerce of the state of New
Box 74 York. Committee on foreign trade and shipping after the war.
... American mercantile marine [respectfully submitted by the Committee on foreign trade and shipping after the war, December 26, 1918]
5 p. 21cm.

Caption title.
"This report will be presented to the Chamber of commerce of the state of New York, January 2, 1919"

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NOTE.—The following report will be presented to the Chamber of Commerce for action at the meeting on January 2, 1919.

CHARLES T. GWYNNE,
Secretary.

AMERICAN MERCANTILE MARINE

To the Chamber of Commerce of the State of New York:

Your Committee on Foreign Trade and Shipping After the War stated its purpose to be to furnish from time to time brochures or "progress reports" on the various subjects with which this Committee had been charged to deal.

The sudden ending of the war will necessarily result in many of these problems being settled, or at least temporarily adjusted by the initiative, skill and enterprise of individual action without waiting for the suggestions of Trade Committees.

Many of the adjustments arising from the sudden emergency of peace will require readjustment to become permanently satisfactory so that your Committee does not feel that its functions have ceased or that the early cessation of war has necessarily made its efforts too late.

The most immediately important subject is the question of the Mercantile Marine.

This subject must be divided into two periods—one we are immediately facing, and the other a more distant view of a permanent future. In settling the former we must be very careful not to make mistakes which would prejudice the latter, which is really the most important.

The most fundamental question all is whether the creation and operation of a Mercantile Marine should be a government function or one for private enterprise.

Your Committee believes that private initiative and enterprise must be the moving force upon which the country must depend if we are going to remain permanently in the overseas carrying trade.

The Government is embarked upon a huge building plan undertaken to provide for the emergency of war, but which it intends to complete.

This dominates the immediate future, and the first thing that should now be done is to examine into and determine whether

the emergency ships are of the type, size and construction best suited to enable this country to compete in foreign trade with the merchant marine of other nations, and, if not, what changes should be at once made in the program so as to save as quickly as possible the expenditure of any more money in ships that may not be of the best type for operation, now that the emergency of war has passed.

It will be plain to all that no greater blow to permanent successful operation could be struck than to have capital invested in ships which because of their size and design could not well compete, or which might, after a few years, prove only insurable at higher than normal rates on hull and cargo, and require abnormal expenditure for upkeep.

The next point, and this relates to our immediate future, is the basis upon which ships may be sold by the Government or turned over for operation to private owners.

They have been built to supply war needs at war prices. They must go into commercial service at commercial prices, and that means on valuations bearing a proper relation to present costs in foreign yards, and readjustable at given periods to such foreign competitive prices. The balance must be written off by the Government as part of the cost of the war.

Operation

When the United States Shipping Board was created it was charged with the duty of studying the whole subject of cost of constructing ships and cost of operating ships in foreign trade in comparison with other maritime nations.

It is not known when such studies began, how far they have proceeded, or when any report of the results may be expected, although the report of the Shipping Board just issued states that they have been begun.

There must be some amendments to the Shipping Laws, or otherwise some method of equalizing the high wage costs, tonnage dues, etc., which existing laws and conditions impose upon the operators of ships in foreign trade under the American Flag.

7 April, 1920 - C.R.W.

Ownership

Your Committee offers for consideration the following definite proposals:

The Emergency Fleet Corporation shall offer for sale to American owners, personal or corporate, ships based upon a per ton price corresponding to the price at which ships of similar size, class and description can be purchased or built in standard foreign Yards at the time of sale.

The Government shall receive 25% of the purchase price in cash and shall take a mortgage on the ship for 75% of the sale price at 4¼% interest, the mortgage to run for a period of fifteen years, the purchaser to make payments into a Sinking Fund in such installments as may be agreed upon so as to extinguish the mortgage by the completion of its term.

At the expiration of five years from the date of purchase, but in no case later than January 1st, 1925, the purchaser shall have the privilege of calling for a re-appraisal of the principal of the mortgage, the remaining unpaid amount to be based upon the ascertained cost at that time of building a similar ship in standard foreign Yards less proper deduction for depreciation in the expired time.

Any purchaser shall have the privilege of anticipating the maturity dates and of paying off the mortgage in full on any annual interest date, and shall have the right at time of purchase to have the re-appraisal clause omitted from the contract.

The law of mortgages on ships should be amended to make the mortgage a proper lien so as to furnish sound security.

Your Committee believes that a plan substantially on the lines herein indicated will be helpful in encouraging the investment of American capital in shipping and in giving confidence of a reasonable prospect of a fair return, and consequently of the establishment of a permanently successful industry.

Your Committee, therefore, offers the following Preambles and Resolutions:

Whereas, The interests of the Nation clearly require the services of an adequate Merchant Marine under the American flag: and

Whereas, It is desirable that the ownership and operation of a Merchant Marine should become one of our great industries, attracting the capital, initiative and enterprise of our citizens; therefore, be it

Resolved, That as rapidly as possible, consistent with military needs, the vessels of American citizens commandeered by the Government should be restored to their owners, and that merchant vessels owned by the United States should be sold to private citizens or otherwise brought into commercial service; and

Whereas, The Emergency of War has passed under which the program for the number, size and description of ships to be built by the Emergency Fleet Corporation was determined upon; be it

Resolved, That the United States Shipping Board be urged to confer without delay with practical shipping men, with the view of determining whether the ships proposed to be built by the Emergency Fleet Corporation are of the type, size and construction best suited to enable this country to compete in the foreign trade with the Merchant Marine of other nations, and what changes, if any, should be made to effect that purpose; and

Whereas, The interesting of private capital and enterprise in the Overseas carrying trade at this time is most desirable, but the costs of construction and operation are still abnormal; and

Whereas, For the permanent success of the industry it is desirable that it should be started under reasonably safe auspices; be it further

Resolved, That the Chamber of Commerce of the State of New York recommends to the President, to the Congress and to the United States Shipping Board a careful consideration of the general features of the purchase plan suggested in this report, and urges prompt action by the Government in determining its future policy, in order that the merchants of the country may know how to adjust themselves as rapidly as possible

to the changing conditions of world business, and upon what plans they may proceed to provide for the future needs of commerce.

Respectfully submitted,

E. H. Outerbridge, *Chairman*
A. Barton Hepburn
Alfred C. Bedford
George F. Trowbridge
Joseph H. Emery
J. Barstow Smull
Henry A. Caesar
Samuel W. Fairchild

Of the Committee on Foreign Trade and Shipping after the War

New York, *December 26, 1918.*

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TITLE